

Amendments to Senate Bill No. 157  
1st Reading Copy

Requested by Senator Don Ryan

For the Senate Business, Labor, and Economic Affairs Committee

Prepared by Pat Murdo  
January 19, 2007 (5:02pm)

1. Title, line 8.

**Following:** "33-20-1315,"

**Insert:** "33-22-121, 33-22-122,"

2. Page 13.

**Following:** line 5

**Insert:** "Section 14. Section 33-22-121, MCA, is amended to read:

"33-22-121. **Notice required for cancellation or refusal to renew.** (1) An insurer may not cancel or refuse to renew a disability insurance policy or certificate until the insurer has mailed or delivered to the named insured and to the policyowner, or certificate holder, as appropriate if they are not the same as the named insured, at the last-known post office address shown in the records of the company, one written notice in addition to any billing statement, stating the date the cancellation or refusal to renew will become effective, which may not be less earlier than:

(a) ~~30 days after the date of mailing or delivery of the notice of cancellation for nonpayment of premiums or a material misrepresentation contained in the application the beginning of the period for which premiums have not been paid in full, if the notice of cancellation for nonpayment of premiums is mailed or delivered within 15 days after the due date of the missed premiums for that period;~~

(b) the date of mailing or delivery of notice of cancellation for nonpayment of premiums, if notice of cancellation for nonpayment of premiums is not mailed or delivered within 15 days after the premium due date for the applicable policy period; or

(b)(c) 90 days after the date of mailing or delivery of the notice of cancellation or refusal to renew for any reason other than nonpayment of premiums or a material misrepresentation contained in the application.

(2) An insurer shall give notice of cancellation at least 30 days in advance of cancellation for nonpayment of premiums or 90 days in advance of cancellation or refusal to renew for any reason other than nonpayment of premiums or a material misrepresentation contained in the application.

(3) An insurer may not cancel a disability insurance policy or a certificate based upon nonpayment of premiums if the

premiums are paid in full within the 30-day notice period.

~~(2)~~(4) The notice requirements in subsection subsections  
(1) and (2) run concurrently with any grace period required by  
33-22-206."

{ Internal References to 33-22-121:  
33-22-122a }

**Insert:** "Section 15. Section 33-22-122, MCA, is amended to read:

**"33-22-122. Contents of notice -- proof -- limitation on  
recovery -- exemptions.** (1) (a) The notice of cancellation must  
state:

(i) the amount of the premium, installment, or interest due  
on the policy or certificate;

(ii) the place where it must be paid; and

(iii) the name and address of the person or company to which  
the premium is payable.

(b) The notice must also state:

(i) that, unless the premium or other sums are paid to the  
company or its insurance producer, the policy or certificate will  
lapse or be forfeited will be canceled; and

(ii) the date, determined in accordance with 33-22-121, on  
which cancellation will become effective.

(2) "Policyowner" or "certificate holder", as used in this  
section, means the owner of the policy or certificate or any  
other person designated as the person to receive premium notices,  
as shown by the records of the insurance company.

(3) ~~The affidavit of~~ If any responsible officer, clerk, or  
insurance producer of the insurance company authorized to mail  
the notice states in an affidavit that it is the standard  
practice of the company to mail to policyowners or certificate  
holders the notice required by this section, the affidavit is  
prima facie evidence that the notice has been ~~duly~~ given.

(4) An action may not be maintained to recover under a  
lapsed or forfeited policy or certificate on the ground that the  
insurance company failed to comply with this section unless the  
action is instituted within 2 years from the due date upon which  
default was made in paying the premium, installment, or interest  
for which lapse or forfeiture is claimed.

(5) Section 33-22-121 does not apply to:

(a) ~~group or group-type policies~~ health plans; or

(b) industrial life or industrial disability policies."

{ Internal References to 33-22-122: None. }

**Renumber:** subsequent sections

3. Page 25, line 11.

**Strike:** "17"

**Insert:** "19"